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Wayne



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Fillmore Field Office

95 East 500 North

Fillmore, UT 84631

<http://www.blm.gov/ut/st/en/fo/fillmore.html>



8-21-14

IN REPLY REFER TO:
3809 (UTW02000)
UTU-87618

August 20, 2014

CERTIFIED MAIL# 7012 3460 0000 6633 2384
RETURN RECEIPT REQUESTED

DECISION

Andre Zeitoun :
110 Greene St. Suite 1101 : 43 CFR 3809 - Surface Management
New York City, NY 10012 :

Determination of Required Financial Guarantee Amount: Three-Year Review

The Plan of Operations reclamation bond for the Dragon Mine has been updated according to the 3-year BLM review schedule. The previous 3-year Bureau of Land Management (BLM) review of the financial guarantee, or bond, was completed in June 2011. Your mining operation is located near Eureka, Utah in aliquot parts of section 29, 30, and 31; Township 10 South, Range 2 West; Salt Lake Meridian. Your Plan of Operations has been previously assigned BLM case file number UTU-87618. Please refer to this number in future correspondence. The corresponding Utah Division of Oil, Gas and Mining (UDOGM) case file number is M/023/0080.

Applied Minerals Inc. must conduct operations as described in the authorized Plan of Operations and in accordance with the conditions of approval specified on July 2010. Operations at the Dragon Mine must prevent unnecessary or undue degradation of public lands, as required by the Code of Federal Regulations (CFR) in 43 CFR §3809.415 and 43 CFR §3809.605.

Amount of Financial Guarantee – As specified in 43 CFR §3809.203(d), the amount of the financial guarantee must be based upon completion of both Federal and State reclamation requirements. The financial guarantee for both Federal and State requirements may be held as one instrument, but the BLM must concur in the approval, release, or forfeiture of a financial guarantee for surface disturbances on federally managed lands.

This office has calculated a cost estimate, and will consult with UDOGM to update the financial guarantee. BLM has determined that the amount of \$40,303.00 is the minimum amount sufficient to meet all anticipated reclamation requirements for the surface disturbances located on BLM lands. Any modifications or degradation to unmaintained dirt or two-track roads must be repaired or reclaimed upon

conclusion of the mining operation. UDOGM may require an additional reclamation bond amount in consultation with the BLM. The amount of the reclamation cost estimate is based on operator compliance with all applicable operation and reclamation requirements.

Authorization for this project must also be received from UDOGM and the State of Utah before you may proceed with this project. An additional financial guarantee amount may be required by UDOGM for activities both on BLM lands and on lands managed by other entities. The BLM supports and concurs with any additional amount to be required by UDOGM under State of Utah regulations. In 2010, UDOGM previously determined a total reclamation bond amount of \$140,000 for surface disturbances at this project on both BLM and non-BLM lands, and that amount may be updated to reflect increased costs as necessary.

BLM's decision concerning the amount of the required financial guarantee does not relieve you, the operator, of your responsibility to be in compliance with all applicable Federal, State and local laws and regulations, and to obtain all applicable Federal, State and local authorizations and permits. You are responsible for preventing any unnecessary or undue degradation of public lands and resources, and for reclaiming all lands disturbed by your operations.

Required Financial Guarantee – A financial guarantee for the minimum total amount of \$40,303.00 must be filed and accepted by the UDOGM or the Utah State Office of the BLM, 440 West 200 South, Suite 500, Salt Lake City, Utah 84101-1345. This minimum amount is required for activities on BLM lands and does not include any additional financial guarantee amounts to be required by UDOGM, either for Federal or non-Federal lands. You must receive written notification from both offices accepting and obligating your financial guarantee before you may engage in surface-disturbing operations.

The types of financial instruments that are acceptable to the BLM are found at 43 CFR §3809.555. Please contact Opie Abeyta, Land Law Examiner at the BLM Utah State Office, at (801) 539-4123 for further information on the adjudication of financial guarantees.

This decision does not constitute certification of ownership to any entity named in the Notice, recognition of the validity of any associated mining claims; or recognition of the economic feasibility of the proposed operations.

Appeal of the Decision Determining the Required Financial Guarantee Amount - If you do not agree and are adversely affected by this decision, in accordance with 43 CFR §3809.804, you may request that the BLM Utah State Director review this decision. If you request a State Director review, the request must be received in the BLM Utah State Office, 440 West 200 South, Suite 500, Salt Lake City, Utah 84101-1345, no later than 30 calendar days after you receive this decision. A copy of the request must also be sent to this office. The request must be in accordance with the provisions provided in 43 CFR §3809.805. If a State Director review is requested, this decision will remain in effect while the State Director review is pending, unless a Stay is granted by the State Director. Standards for obtaining a Stay are given below. If you request a Stay, you have the burden of proof to demonstrate that a Stay should be granted.

If the State Director does not make a decision concerning your request for review of this decision within 21 days of BLM's receipt of the request, you should consider the request declined and you may appeal this decision to the Interior Board of Land Appeals (IBLA). You may contact the BLM Utah State Office to determine when BLM receives the request for State Director Review. You have 30 days from the end of the 21 day period in which to file your notice of appeal with the IBLA (see procedures below). If you wish to bypass a State Director review, this decision may be appealed directly to the

IBLA in accordance with the regulations contained in 43 CFR, Part 4 and the enclosed Form 1842-1. If an appeal is taken, your notice of appeal must be filed in the Fillmore Field Office (FFO) at 95 East 500 North, Fillmore, Utah 84631 within 30 days from receipt of this decision. The appellant has the burden of showing that the decision appealed from is in error.

If you wish to file a petition pursuant to regulation 43 CFR 4.21 for a Stay of the effectiveness of this decision during the time that your appeal is being reviewed by the IBLA, the petition for a Stay must accompany your notice of appeal. A petition for a Stay is required to show sufficient justification based on the standards listed below. Copies of this notice of appeal and petition for a Stay must also be submitted to each party named in the decision, to the IBLA, and to the appropriate Office of the Solicitor (see 43 CFR 4.413) at the same time the original documents are filed with this office. If you request a Stay, you have the burden of proof to demonstrate that a Stay should be granted.

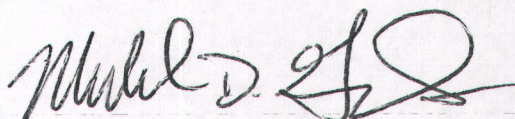
Standards for Obtaining a Stay

Except as otherwise provided by law or other pertinent regulation, a petition for a Stay of a decision pending appeal shall show sufficient justification based on the following standards:

- The relative harm to the parties if the stay is granted or denied,
- The likelihood of the appellant's success on the merits,
- The likelihood of immediate and irreparable harm if the Stay is not granted, and
- Whether the public interest favors granting the Stay.

If you have any questions, please contact Duane Bays, BLM FFO Natural Resource Specialist, at (435) 743-3115.

Sincerely,



Michael D. Gates
Field Manager

Enclosure: Form 1842-1
BLM Reclamation Cost Estimate (RCE)

cc:

Wayne Western

UDOGM

1594 W North Temple Ste 1210
Salt Lake City, UT 84114

Utah State Office/ BLM
440 West 200 South, Suite 500
Salt Lake City, UT 84101-1345